

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 2675 – Unemployment Insurance Modernization (LSB 6638 HH)
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Fiscal Note Version – New

Description

House File 2675 changes eligibility requirements for receiving unemployment compensation benefits in the following areas: Training Wages, Base Period Earnings Requirements, New Events (Trailing Spouse, Illness, and Domestic Abuse), Partial Unemployment, Weekly Benefit Amount, Maximum Yearly Benefits, Part-Time Workers, Temporary Employment Assignments, Temporarily Unemployed, Voluntarily Quit, Separation Pay, and Appeals.

The Bill also appropriates future federal funds received as a result of the Bill to the Iowa Department of Workforce Development (IWD) for the payment of unemployment insurance benefits or for the administration of the Iowa Employment Security Law under Chapter 96, Code of Iowa, and public employment offices.

The section of the Bill amending Section 96.3, Code of Iowa, pertaining to extended training benefits, is effective July 1, 2008. Sections of the Bill amending Sections 96.4 and 96.5, Code of Iowa, pertaining to the alternative base wage period and new events, are effective June 29, 2008.

Assumptions

- Adding benefits for the new events specified will not increase the number of employees that currently leave for these purposes.
- The benefits extension for individuals enrolled in a training program will not change the number of claimants participating in training programs.
- The IWD will require an additional 10.8 FTE positions in FY 2009 at an estimated cost of \$1.1 million. The staffing need will be reduced to \$371,000 and 8.0 FTE positions for FY 2010.
- An estimated \$73.0 million is anticipated to be available in federal funding in FY 2009, contingent on the State's enactment of an alternative base period and other unemployment components.

Fiscal Impact

Should the federal funding be received, the claims payments from the Unemployment Insurance Trust Fund would increase by an estimated \$92.4 million in FY 2009, with a total increase of \$102.8 million in FY 2010. Federal fund expenses for staffing and administration at IWD will increase by \$1.1 million in FY 2009 and \$371,000 in FY 2010.

Sources

Iowa Workforce Development
Department of Administrative Services
State Board of Regents

/s/ Holly M. Lyons

April 22, 2008

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
